

RA6

Date: May 10, 2005
 To: Honorable Mayor and City Council
 Through: Charles Lawson, City Manager
 From: Emma Karlen, Director of Financial Services *Em C Karlen*
 Prepared by: Rosemary Beltran, Administrative Analyst II
 Subject: 2005-06 Proposed Budget Modification Sheet

The following revisions are proposed to the 2005-06 Operating Budget due to errors, omissions and revisions identified after the documents were printed. These changes will be incorporated into the Final Budget document.

Item No.	Page No.	Revision	Increase (Decrease) To Fund Balance
1.	111, 155	<p>Increase Public Works overtime budget by \$37,266 to \$222,766 for Special Events staff overtime costs (prep/cleanup). Please see attachment.</p> <p>\$16,466 of the overtime costs was included in the Solid Waste function promotions budget and requires budget transfer to Public Works to reflect these activities. There is no impact to the fund balance of the Solid Waste Funds.</p> <p>\$20,800 of the overtime costs for other Special Events was not included in Public Works budget. These overtime costs would require additional funding from the General Fund and therefore reduce the fund balance of General Fund.</p>	<p>N/A</p> <p>(\$20,800)</p>
2.	127	Reduce Recreation community promotions budget by \$10,300 to \$83,300 to reflect actual funding from CDBG as approved on April 19 th .	10,300
3.	158	Change the number of signal lights from 70 to 68 in both the Function Description and FY 2004-05 accomplishments no. 2.	N/A
4.	76-77, 85 through 207	95% Funding was referenced throughout these pages to indicate cost control strategy that reduced funding amounts. Staff recommends changing the description to Reduced Funding to make it more comprehensible for the readers.	N/A

Net reduction to the fund balance of the General Fund

(\$10,500)

2005-06 PROPOSED BUDGET SUMMARY

	GRAND TOTAL	GENERAL FUND (1)	LIBRARY FUND
ESTIMATED REVENUES:			
Property Tax, Current	40,161,000	13,534,000	0
Taxes, Other	24,800,250	23,455,000	1,075,250
Licenses & Permits	2,973,000	2,973,000	0
Fines & Forfeitures	806,000	806,000	0
Use of Money & Property	6,709,000	1,137,000	137,000
Intergovernmental	5,911,000	977,000	0
Charges For Current Service	28,873,976	3,211,000	0
Other Revenues	4,456,013	61,000	0
Total Estimated Revenues	114,690,239	46,154,000	1,212,250
Other Financing Sources			
(Increase) Decrease in Fund Balance	28,331,603	(24,828)	(1,197,250)
Operating Transfers In	22,914,892	19,689,892	0
Operating Transfers (Out)	(22,914,892)	0	0
TOTAL ESTIMATED REVENUES AND OTHER FINANCING SOURCES	143,021,842	65,819,064	15,000
ESTIMATED EXPENDITURES:			
Salaries & Benefits	58,953,441	53,016,727	0
Services & Supplies	28,497,237	11,431,223	15,000
Capital Outlay	1,184,095	110,185	0
Total Operating Costs	88,634,773	64,558,135	15,000
Debt Service	20,984,356	1,260,929	0
Capital Improvements	33,402,713	0	0
Budgeted Appropriations	143,021,842	65,819,064	15,000
FUND BALANCE:			
Fund Balance 7/1/05	247,203,338	21,744,013	5,301,908
Increase (Decrease) in Fund Balance	(28,331,603)	24,828	1,197,250
Fund Balance 6/30/06	218,871,735	21,768,841	6,499,158
Reserved	103,686,335	2,375,000	0
Unreserved, Designated	10,884,158	4,385,000	6,499,158
Unreserved, Designated for PERS	3,500,000	3,500,000	0
Unreserved, Designated for CIP	41,971,596	700,000	0
Unreserved, Designated for Housing	17,132,958	0	0
Unreserved, Undesignated	41,696,688	10,808,841	0
Fund Balance 6/30/06	218,871,735	21,768,841	6,499,158

- Note:**
- (1) General Fund balance includes accrued leave, and insurance liability accounts.
 - (2) Special Revenue Funds include Gas Tax Fund, Light & Landscape Maintenance District Funds, Housing and Community Development Fund, Law Enforcement Block Grant Funds, Abandon Vehicle Abatement Funds, Solid Waste Services Fund and Equipment Replacement Funds
 - (3) Capital Projects include Street Improvement Fund, Park Improvement Funds, General Government Capital Improvement Fund and Storm Drain Capital Improvement Fund.

2005-06 PROPOSED BUDGET SUMMARY

SPECIAL REVENUE (2)	CAPITAL PROJECTS (3)	REDEVELOPMENT AGENCY (4)	WATER FUND (5)	SEWER FUND (6)
0	0	26,627,000	0	0
270,000	0	0	0	0
0	0	0	0	0
0	0	0	0	0
34,000	653,000	3,953,000	231,000	564,000
2,659,000	275,000	0	0	2,000,000
1,903,976	0	0	15,039,000	8,720,000
288,000	649,713	1,035,800	690,000	1,731,500
5,154,976	1,577,713	31,615,800	15,960,000	13,015,500
146,238	1,783,100	21,952,549	(1,883,944)	7,555,738
0	1,210,000	1,015,000	0	1,000,000
(1,220,466)	(1,965,000)	(14,238,909)	(3,198,343)	(2,292,174)
4,080,748	2,605,813	40,344,440	10,877,713	19,279,064
1,188,201	0	1,481,712	2,034,428	1,232,373
2,040,107	233,100	1,304,301	7,504,174	5,969,332
852,440	0	0	179,111	42,359
4,080,748	233,100	2,786,013	9,717,713	7,244,064
0	0	19,723,427	0	0
0	2,372,713	17,835,000	1,160,000	12,035,000
4,080,748	2,605,813	40,344,440	10,877,713	19,279,064
9,148,247	24,725,302	156,180,490	7,719,550	22,383,828
(146,238)	(1,783,100)	(21,952,549)	1,883,944	(7,555,738)
9,002,009	22,942,202	134,227,941	9,603,494	14,828,090
9,002,009	3,365,000	86,925,145	820,000	1,199,181
0	0	0	0	0
0	0	0	0	0
0	14,295,136	12,045,713	4,189,099	10,741,648
0	0	17,132,958	0	0
0	5,282,066	18,124,125	4,594,395	2,887,261
9,002,009	22,942,202	134,227,941	9,603,494	14,828,090

(4) Redevelopment Agency Funds include Housing Reserve Fund, Redevelopment Project Fund and Tax Allocation Bond Fund.

(5) Water Fund balances are working capital and include Water Fund, Water Fund CIP, Water Line Extension Fund and Recycled Water Fund.

(6) Sewer Fund balances are working capital and include Sewer Fund, Sewer Fund CIP, Treatment Plant Construction Fund and South Bay Water Recycling Program Fund.

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF MILPITAS ADOPTING THE APPROPRIATIONS LIMIT
FOR THE CITY OF MILPITAS FOR FISCAL YEAR 2005-2006

WHEREAS, Article XIII B, section 1 of the Constitution of the State of California requires that total annual appropriations subject to limitation of the City of Milpitas shall not exceed the appropriations limit of the City for the prior year adjusted for changes in the cost of living and population except as otherwise provided; and

WHEREAS, this article became effective July 1, 1980, as amended, which requires the City to establish its appropriations limit by resolution each year at a regularly scheduled meeting or a noticed special meeting, commencing after the beginning of each fiscal year; and

WHEREAS, the appropriations base for 1978-79 had been determined and adjusted by the changes in population, cost of living, and transfers of financial responsibility, establishing an appropriations limit for fiscal year 2005-2006 of \$53,879,417.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Milpitas hereby adopts the appropriations limit for fiscal year 2005-2006, that amount as set forth herein.

PASSED AND ADOPTED this 7th day of June 2005, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Mary Lavelle, City Clerk

Jose S. Esteves, Mayor

APPROVED AS TO FORM:

Steven T. Mattas, City Attorney

RESOLUTION NO. _____

**A JOINT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILPITAS
AND OF THE MILPITAS REDEVELOPMENT AGENCY
APPROVING THE FINAL BUDGET FOR THE
CITY OF MILPITAS FOR THE FISCAL YEAR 2005-2006**

WHEREAS, the City Manager submitted a 2005-2006 Proposed Budget and Financial Plan; and

WHEREAS, public hearings were held on the proposed Plan where all interested persons were heard; and

WHEREAS, the City Council and the Redevelopment Agency reviewed and modified the City Manager's 2005-2006 Proposed Budget and Financial Plan; and

WHEREAS, on May 10, 2005, the City Council and the Redevelopment Agency approved the 2005-2006 Financial Plan, as amended, and the 2005-2006 Capital Budget.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. The annual budget for the City of Milpitas for fiscal 2005-2006 is hereby reaffirmed and adopted totaling \$143,021,842 for all appropriated funds.

SECTION 2. Appropriations and estimated fund balances are hereby made for the various purposes designated in the 2005-2006 Final Budget.

SECTION 3. The budgets for all departments for the period July 1, 2005 through June 30, 2006, inclusively contained in the 2005-2006 Final Budget Resolution, are approved as the operating budget for those departments for fiscal 2005-2006.

SECTION 4. Any unused non-salary and benefits related appropriations, subject to the approval of the City Manager, at the end of fiscal 2005-2006 may be reappropriated for continued use in fiscal 2006-2007.

SECTION 5. No office, department, or agency shall expend any amount or incur any liability or enter into any contract, which by its terms involves expenditures of money for any purpose in excess of the amounts appropriated for the classification of expenditures pursuant to this resolution. Budgetary control shall be at the department level.

SECTION 6. The City Manager may authorize, when in his or her judgment such action is consistent with the purposes and intent of the Budget as adopted, budget revisions subject to the following conditions:

1. Prior Council/Agency Approval Not Required. Prior approval of the City Council and/or Redevelopment Agency is not required under the following circumstances:
 - a. When revisions which involve transfers from appropriated contingency reserves or appropriations from unallocated reserves are less than the aggregate amount of 1% of General Fund appropriations, or \$658,191 during fiscal 2005-2006, provided that the Council/Agency is notified in writing of the revision, giving the reason, the amount of the revision and the year-to-date total amount of revisions.
 - b. When revisions involve transfers from one unencumbered line-item account balance to another, provided that the Council/Agency is notified in writing of any transfer in excess of \$10,000.

- c. For Police goods and services to be purchased from Asset Seizure funds, the City Manager or his designee, has the authority to purchase such goods or services if the expenditures of such goods and services do not exceed the amount designated from Asset Seizure funds as approved by the City Council/Redevelopment Agency during the fiscal 2005-2006 Budget hearing.
- 2. Prior Council/Agency Approval Required. Prior approval of the City Council and/or Redevelopment Agency is required if any of the following are involved:
 - a. Changes providing for increases in permanent personnel or changes in classification for personnel from the number of classes or personnel approved in the adopted Budget.
 - b. Contract change orders in excess of \$5,000.
 - c. Changes when in his or her judgment such action would be inconsistent with the purposes and intent of the Budget as adopted.
 - d. Transfers from contingent reserves or appropriations from unallocated reserves which would cause the aggregate amount of 1% of General Fund appropriations, or \$658,191 during fiscal 2005-2006, to be exceeded, except that proceeds of tax revenue in excess of appropriations limit shall be automatically appropriated to the contingency reserve at June 30, 2006.

PASSED AND ADOPTED this 7th day of June 2005, by the following vote of the City Council and the Redevelopment Agency:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Mary Lavelle, Agency Secretary

Jose S. Esteves, Chairperson

APPROVED AS TO FORM:

Steven T. Mattas, Agency Counsel

RESOLUTION NO. _____

**A JOINT RESOLUTION OF THE MILPITAS REDEVELOPMENT AGENCY
AND THE CITY COUNCIL OF THE CITY OF MILPITAS MAKING FINDINGS
FOLLOWING A PUBLIC HEARING FOR USE OF REDEVELOPMENT FUNDS**

WHEREAS, the Milpitas Redevelopment Agency and the City Council of the City of Milpitas seek to acquire, construct, and improve certain public facilities of benefit to the Redevelopment Area and to the community; and

WHEREAS, the 2005-2010 Capital Improvement Program enumerates the capital projects that the Agency and the City of Milpitas wishes to undertake, setting forth the desired timing and financing resources for the projects that is available to undertake said projects; and

WHEREAS, notice was given of a joint public hearing before the Milpitas Redevelopment Agency and the City Council of the City of Milpitas at 6:30 p.m. on May 10, 2005, at the Milpitas City Hall, 455 E. Calaveras Blvd., Milpitas, California; and

WHEREAS, prior to said hearing the 2005-2010 Capital Improvement Program was prepared and made available for public inspection and copying, and the 2005-2006 Capital Budget of the 2005-2010 Capital Improvement Program is hereby referred to and made a part hereof as though fully set forth herein; and

WHEREAS, a joint hearing was held at said time and place. Opportunity was given to any member of the public to comment, and to inquire. The hearing was closed, and following the close thereof the 2005-2010 Capital Budget was approved, as amended; and

WHEREAS, evidence was offered by the Agency/City staff in support of the findings hereafter made.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. Each of the statements contained in the above recitals are true and correct, and incorporated herein by reference and are approved and confirmed.

SECTION 2. The evidence offered by the Agency/City staff and contained in the 2005-2010 Capital Improvement Program set forth the facts supporting the determinations required to be made pursuant to Section 33445 of the Health and Safety Code and set forth the redevelopment purpose for which redevelopment funds are being used to pay for the acquisition, construction, and improvements of publicly owned facilities.

SECTION 3. The land and facilities to be acquired, constructed, and improvements that are to be made thereon are within the Project Area of the Agency or adjacent to the Project Area.

SECTION 4. The acquisition of land, facilities, buildings, structures, and other improvements to be acquired or constructed as set forth in the 2005-2010 Capital Improvement Program are of benefit to the Project Area and will assist in eliminating blighting conditions within the Project Area.

SECTION 5. No other reasonable means of financing such buildings, land, facilities, structures or other improvements are available to the community.

PASSED AND ADOPTED this 7th day of June 2005, by the following vote of the
Redevelopment Agency and the City Council of the City of Milpitas:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Mary Lavelle, Agency Secretary

Jose S. Esteves, Chairperson

APPROVED AS TO FORM:

Steven T. Mattas, Agency Counsel

**A RESOLUTION OF THE MILPITAS REDEVELOPMENT AGENCY AUTHORIZING
PAYMENTS TO THE CITY OF MILPITAS PURSUANT TO THE SECOND
AMENDED AND RESTATED PUBLIC WORKS AGREEMENT**

WHEREAS, on September 21, 1976, by Ordinance No. 192, the City Council of the City of Milpitas ("City") adopted the redevelopment plan ("Redevelopment Plan") for the Milpitas Redevelopment Project No. 1, which the City has subsequently amended a total of eight times (as amended, the "Project"); and

WHEREAS, pursuant to the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 *et seq.*) and its general city powers, the City desires to assist the Milpitas Redevelopment Agency ("Agency") in the implementation of the Project; and

WHEREAS, on June 3, 2003, the City and the Agency entered into a Second Amended and Restated Public Works Agreement ("Agreement") for the construction of Public Improvements; and

WHEREAS, under the Agreement, the City is required to cause the acquisition and construction of certain public improvements and the performance of certain programs and activities as identified in the Redevelopment Agency Financing pages of the Five Year Capital Improvement Program, attached hereto as Attachment No. 1 (the "Public Improvements") to serve and benefit the Project; and

WHEREAS, the Agency and the City have determined that the Public Improvements are of benefit to the Project, and that no other reasonable means of financing such Public Improvements are available to the community.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

In return for the City's obligation to acquire, construct and perform such Public Improvements, the Agency shall pay to the City full cost of the Public Improvements as set forth in Attachment No.1, or any portion thereof as demanded by the City.

PASSED AND ADOPTED this 7th day of June 2005, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Mary Lavelle, Agency Secretary

Jose S. Esteves, Chairperson

APPROVED AS TO FORM:

Steven T. Mattas, Agency Counsel

Attachment No. 1
City of Milpitas
2005-10 CAPITAL IMPROVEMENT PROGRAM
REDEVELOPMENT AGENCY FINANCING

RDA Tax Increment

Summary	Prior Year	2005-06	2006-07	2007-08	2008-09	2009-10	TOTAL
Community Improvement	25,002,688	980,000	1,500,000	410,000	200,000	0	28,092,688
Park Improvement	2,319,978	300,000	0	0	0	0	2,619,978
Sewer Improvement	605,000	0	0	0	0	0	605,000
Storm Drain Improvement	1,422,000	1,415,000	0	0	0	0	2,837,000
Streets	40,801,277	60,000	385,000	85,000	85,000	1,416,000	42,832,277
Water	2,280,286	0	0	0	0	0	2,280,286
RDA Tax Increment Totals	72,431,229	2,755,000	1,885,000	495,000	285,000	1,416,000	79,267,229

RDA Bond (1997, 2000, and 2003)

Summary	Prior Year	2005-06	2006-07	2007-08	2008-09	2009-10	TOTAL
Community Improvement	49,705,500	12,065,000	33,700,000	2,600,000	8,400,000	0	106,470,500
Sewer Improvement	7,000,000	1,000,000	0	0	0	0	8,000,000
Storm Drain Improvement	100,000	0	0	0	0	0	100,000
Streets	17,680,000	1,000,000	4,350,000	0	0	0	23,030,000
RDA Bond Totals	74,485,500	14,065,000	38,050,000	2,600,000	8,400,000	0	137,600,500

Community Improvement

	Prior Year	2005-06	2006-07	2007-08	2008-09	2009-10	TOTAL
8083 Public Works Yard Parking Lot Expansion	250,000	0	0	0	40,000	0	290,000
8102 Community Center Renovation	410,000	0	0	0	100,000	0	510,000
8135 Buildings Improvements	520,508	150,000	50,000	0	60,000	0	780,508
8153 N. Main St. Utility Improvements	1,800,000	1,000,000	0	0	0	0	2,800,000
8154 East Garage Land Acquisition & Site Prep.	335,000	4,165,000	0	0	0	0	4,500,000
8159 Evidence Freezer	65,000	60,000	0	0	0	0	125,000
8160 Sports Center Large Gym Improvements	150,000	0	1,000,000	0	0	0	1,150,000
8161 Midtown Parking Garage East	3,900,000	5,600,000	0	0	0	0	9,500,000
8162 Library	4,000,000	1,300,000	33,700,000	0	0	0	39,000,000
New Corporation Yard Fuel Island	0	0	450,000	0	0	0	450,000
New Emergency Operations Vulnerability Assessment	0	35,000	0	0	0	0	35,000
New In-ground Water Clarifiers	0	0	0	110,000	0	0	110,000
New North Main St. Development EIR Mitigations	0	500,000	0	0	0	0	500,000
New Public Works Security	0	25,000	0	0	0	0	25,000
New Range Lead Containment System	0	210,000	0	0	0	0	210,000
New Senior Center	0	0	0	2,600,000	8,400,000	0	11,000,000
New Sports Center Swimming Pool Improvements	0	0	0	300,000	0	0	300,000
Total:	11,430,508	13,945,000	35,200,000	3,010,000	8,600,000	0	71,285,508

Park Improvement

	Prior Year	2005-06	2006-07	2007-08	2008-09	2009-10	TOTAL
8149 Sports Center Parking Lot Circulation Phase I	1,526,378	300,000	0	0	0	0	1,826,378
Total:	1,526,378	300,000	0	0	0	0	1,826,378

Streets

	Prior Year	2005-06	2006-07	2007-08	2008-09	2009-10	TOTAL
8157 Abel Street Midtown Improvements	755,000	200,000	0	0	0	0	955,000
8164 Bart Extension Coordination and Planning	85,000	35,000	85,000	85,000	85,000	0	375,000
8165 N. Main St. Midtown Streetscape Improvements	700,000	800,000	4,350,000	0	0	0	5,850,000
New Light Rail Median Landscaping	0	0	0	0	0	1,416,000	1,416,000
New Milpitas Boulevard Signal Interconnect	0	25,000	150,000	0	0	0	175,000
New North Milpitas Blvd. Soundwall Renovation	0	0	150,000	0	0	0	150,000
Total:	1,540,000	1,080,000	4,735,000	85,000	85,000	1,416,000	8,921,000

Sewer Improvement

	Prior Year	2005-06	2006-07	2007-08	2008-09	2009-10	TOTAL
6079 Main Sewer Pump Station Site Improvements	1,145,000	1,000,000	0	0	0	0	2,145,000
Total:	1,145,000	1,000,000	0	0	0	0	2,145,000

Storm Drain Improvement

	Prior Year	2005-06	2006-07	2007-08	2008-09	2009-10	TOTAL
8138 Berryessa Pump Station Improvements	385,000	1,415,000	0	0	0	0	1,800,000
Total:	385,000	1,415,000	0	0	0	0	1,800,000

RESOLUTION NO. _____

**A RESOLUTION OF THE MILPITAS REDEVELOPMENT AGENCY
DETERMINING THAT THE PLANNING AND ADMINISTRATION EXPENSES TO
BE FUNDED IN FISCAL YEAR 2005-2006 BY THE HOUSING RESERVE FUND
ARE NECESSARY FOR THE PRODUCTION, IMPROVEMENT AND/OR PRESERVATION
OF AFFORDABLE HOUSING FOR THE LOW AND MODERATE INCOME HOUSEHOLDS**

WHEREAS, on September 21, 1976, by Ordinance No. 192, the City Council of the City of Milpitas adopted the redevelopment plan ("Redevelopment Plan") for the Milpitas Redevelopment Project Area No. 1 ("Original Project Area"); and

WHEREAS, the Redevelopment Plan has been amended a total of eight (8) times to, among other things, add area to the Original Project Area, increase the tax increment and bonded indebtedness limits, and extend the dates to incur debt, repay debt and collect tax increment; and

WHEREAS, pursuant to Section 33334.2(a) of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) not less than 20% of all taxes which are allocated to the Milpitas Redevelopment Agency ("Agency") shall be set aside by the Agency in a Housing Reserve Fund and used by the Agency for the purpose of increasing, improving and preserving the community's supply of low and moderate income housing available at affordable housing costs to people and families of low and moderate income; and

WHEREAS, pursuant to Section 33334.3(d) of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) it is the intent of the California State Legislature that the amount of money spent for planning and general administration from the Housing Reserve Fund not be disproportionate to the amount actually spent for the cost of production.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

The Agency hereby determines that it is necessary to allocate \$764,576 of the estimated \$5,325,400 Housing Reserve Fund Budget for the planning and administrative expenses necessary for the production, improvement, and/or preservation of low and moderate housing during the 2005-2006 fiscal year.

PASSED, APPROVED, AND ADOPTED this 7th day of June 2005, by the following vote of the Milpitas Redevelopment Agency:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Mary Lavelle, Agency Secretary

Jose S. Esteves, Chairperson

APPROVED AS TO FORM:

Steven T. Mattas, Agency Counsel

City of Milpitas

Department of Financial Services



Date: May 20, 2005

To: Honorable Mayor and City Council

Through: Charles Lawson, Acting City Manager

From: Emma C. Karlen, Director of Financial Services *Emma C. Karlen*

Subject: Evidence in support of Health & Safety Code §33445 Findings

Background:

The purpose of this report is to offer evidence to the Milpitas Redevelopment Agency Board and to the City Council, supporting findings that are consistent with the requirements of Health and Safety Code §33445. With the consent of the legislative body, the Agency may pay all or part of the value of the land and the cost of the installation and construction of any building, facility, structure, or other improvement which is publicly owned either within or outside the project area, if the legislative body determines the following:

1. That the buildings, facilities, structures, or other improvements are of benefit to the project area or the immediate neighborhood in which the project is located.
2. That no other reasonable means of financing the buildings, facilities, structures, or other improvements, are available to the community.
3. That the payment of funds for acquisition of land or the cost of buildings, facilities, structures, or other improvements will assist in the elimination of one or more blighting conditions inside the Project area, or provide housing for low or moderate-income persons and is consistent with the Implementation Plan.

Several of the projects to be financed by the Agency in the 2005-2006 Capital Improvement Program are either ongoing projects or have been identified in earlier Capital Improvement Programs. H&S §33445 findings for these projects have been made in previous years. Community Redevelopment Law changed in 1994 as a result of the passage of AB1290, specific blight findings are now required. Consequently, this report will reference many of the physical and economic conditions that cause blight as described in Health & Safety Code §33031 and how the financing of the projects listed will assist in the elimination of blighting conditions inside the Project Area.

Discussion:

The buildings, facilities, structures, or other improvements proposed to be funded in whole or in part by the Agency are enumerated in the 2005-2010 Capital Improvement Program. They are categorized as Community Improvement Projects, Park Improvement Projects, Street Improvement Projects, and Utility Improvement Projects. The proposed format and amounts of financing for these projects for fiscal year 2005-2006 are outlined in the 2005-2010 Capital Improvement Program.

Community Improvements

Project	Blighting Conditions	Improvements
N. Main St Utility Improvements and N. Main St. Development EIR Mitigations	Within the Project Area's residential and commercial zone, economically viable use of many buildings is hindered due to insufficient utility infrastructure.	These projects provide for design and construction of utility relocation work and environmental mitigation for the North Main Street Development project area. Work includes the under-grounding of aerial utilities, relocation of PG&E gas lines, removal of subsurface concrete slabs in Main Street and installing new city owned utilities. These projects will eliminate the blighting conditions of insufficient utility infrastructure that hinders development.
Sports Center Large Gym Improvements	The Sports Center provides recreational services for citizens throughout the City. Its proximity to the Project Area benefits low and moderate income citizens in the neighborhood. Improvements are needed to replace the floor and support structure in the gym. The existing conditions are unsafe for citizens and community groups to use.	These projects will include replacing the 40-year old gymnasium floor and dilapidated bleachers, add new wall safety padding in the large gym and improve sewer lateral. The improvements will eliminate the blighting conditions of an unsafe public building for public use. The projects will also eliminate blighting conditions of inadequate recreational facilities and enhance property values of neighboring low and moderate income homes.
Miscellaneous City Buildings Improvement	Many of the City Buildings that are located inside or adjacent to the Project Area are seismically inadequate and ADA non-compliant. These buildings are unsafe and unhealthy for employees, citizens and community groups to work or use.	These projects provide for the necessary electrical, plumbing, and structure changes that will bring the City buildings up to code. These improvements will eliminate the conditions of the buildings that are unsafe and unhealthy for people to work or use.
Evidence Freezer	The Police building is immediately adjacent to the Project Area. The Police department provides significant stabilization benefits to adjoining residential areas and immediate neighborhood that contains low and moderate income families. The building was constructed using Agency fund based on findings made in 1986. The Evidence Room located in the Police building contains freezers for storage of crime evidence that are near capacity. The inadequacy of the evidence room and freezers prevents the economically viable use of the building.	This project will provide a walk-in freezer and modifications to existing shelving and work space to the evidence room. These building modifications will eliminate blight by improving the utility and capacity of the evidence room and freezers caused by substandard design.
East Garage Land Acquisition and Site Preparation and Midtown Parking Garage East	The Midtown Area was added to the Redevelopment Project Area in June 2003. Parking deficiencies in the Midtown Area was identified as one the blighting conditions. Inadequate parking is a major factor affecting economic viability of commercial area,	This project will fund the costs for land acquisition, site preparation, design and ultimately construction of a parking garage in Midtown. The parking garage will serve the Midtown area and the new Library. It will provide approximately 300 parking spaces on 3 parking levels. The parking

Library	<p>as evidenced by the lower taxable retail sales per square foot of the commercial retail building.</p> <p>The Midtown Area was added to the Redevelopment Project Area in June 2003. Many blighting conditions were identified in the Midtown including buildings of substandard design, incompatible land uses, lower taxable retail sales, low residential and commercial sales prices, low lease rates and an increase in business closures.</p>	<p>garage will eliminate blight by providing adequate parking to encourage patrons to shop in the Midtown Area.</p> <p>The project will provide for the design and ultimately construction of a new library in the Midtown Area. The New Milpitas Public Library will be located at the historic Milpitas Grammar School. The existing Library in the Town Center is a highly utilized library but is extremely inadequate in size to serve its users. The new Library will eliminate blighting conditions in the Midtown by serving as a catalyst to bring patronage to the area and revitalize the commercial and residential development in Midtown.</p>
Emergency Operations Vulnerability Assessment	<p>All the emergency operating facilities are either within or adjacent to the Project Area. They serve as the operating centers in emergency situations and it is vital that the facilities are safe during natural disasters. These facilities were constructed using Agency fund based on previous findings.</p>	<p>This project will provide for the assessment of emergency operation facilities within the city to determine vulnerability of potential threats and subsequent damages that may be sustained in these facilities due to natural disasters. This project is the first step towards eliminating conditions of the buildings that are unsafe for people to work or use.</p>
Public Works Security	<p>The Police/Public Works building is immediately adjacent to the Project Area. These two departments provide significant stabilization benefits to adjoining residential areas and immediate neighborhood that contains low and moderate income families. The building was constructed using Agency fund based on findings made in 1986.</p>	<p>This project replaces the Access Control system that is currently installed in the Police/Public Works Building and parking areas. The computer controllers that manage the access system are no longer available. If the system fails, accessibility and security to the Police/Public Works building and parking areas would be jeopardized. This project will eliminate conditions of the buildings that are unsafe for people to work or use.</p>
Range Lead Containment System	<p>Without proper containment of the lead from the bullets, the lead could potentially contaminate the soil, making it environmentally unsafe for the community who live in the vicinity of the shooting range.</p>	<p>This project will fund the construction of an environmentally safe bullet containment system at the Milpitas Police Shooting Range. This project will include grading and other improvements to the site, as well as the installation of bullet trap equipment. This project will eliminate conditions of an unsafe or unhealthy site.</p>

Park Improvements

Project	Blighting Conditions	Improvements
Sports Center Parking Lot Circulation Phase I	<p>The Sports Center provides recreational services for citizens throughout the City. Its proximity to the Project Area benefits low and moderate income citizens in the neighborhood. Two major issues were identified by the environmental</p>	<p>Phase 1 of this project includes traffic circulation and East parking lot improvements; upgrades to the storm drain system, and security lighting. Improved traffic circulation and parking will allow more participants to use recreational facility. The project will eliminate blighting</p>

	documents: inefficient traffic circulation and lack of parking to accommodate additional facilities.	conditions of inadequate recreational facilities and enhance property values of neighboring low and moderate income homes.
--	------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------

Street Improvements

Project	Blighting Conditions	Improvements
BART Extension Coordination and Planning	The Midtown Area was added to the Redevelopment Project Area in June 2003. Many blighting conditions were identified in the Midtown including buildings of substandard design, incompatible land uses, lower taxable retail sales, low residential and commercial sales prices, low lease rates and an increase in business closure.	This project will include coordination of utilities, Right of Way and other design features with outside agencies to extend BART from Fremont to San Jose with in station close to the Midtown Area in Milpitas. These improvements will transition the Midtown Area to a transit oriented, high density housing area. By funding this project, the Agency will spur infill housing and stimulate commercial activities.
Milpitas Boulevard Signal Interconnect	Within the Project Area's commercial and industrial zone, there are high business turnover rates and excessive vacant lots partly due to inefficient transportation flow.	This project will provide for the installation of fiber optics to connect existing traffic signals on Milpitas Boulevard from Jacklin Road/Abel Street to Gibraltar Drive. It also allows connection to the State traffic signal at Calaveras Boulevard. These improvements will eliminate blight by providing for adequate transportation infrastructure and traffic circulation into the Project Area.

Utility Improvements

Project	Blighting Conditions	Improvements
Main Sewer Pump Station Site Improvements	Within the Project Area's commercial and industrial zone, economically viable use of many buildings is hindered due to insufficient utility infrastructure.	This project provides design and construction of drainage, pavement, fencing and other surface improvements at the Main Sewer Pump Station. This site will also be improved to accommodate the relocated Public Works Corp Yard at Main Street, allowing the construction of the new Library. These improvements will eliminate factors that hinder the economically viable use or capacity of buildings or lots, by improving deteriorated, faulty and inadequate utility infrastructure serving the Project Area.
Berryessa Pump Station Improvements	Within the Project Area's commercial and industrial zone, economically viable use of many buildings is hindered due to insufficient utility infrastructure.	This Project provides for the replacement of three engines, station controls and electrical systems at the Berryessa Pump Station located within the Project Area. These improvements will eliminate factors that hinder the economically viable use or capacity of buildings or lots, by improving deteriorated, faulty and inadequate utility infrastructure serving the Project Area.

Each of these projects will benefit the Project Area, and each project is consistent with the updated Five-Year Redevelopment Implementation Plan and the Amended and Restated Redevelopment Plan, adopted by the City Council and Agency in June 2003. Although many of these projects are partially funded by various revenue sources such as gas tax, grants, user fees, and developer contributions, these revenues are inadequate to fund all the foregoing projects. Without the Agency's funding, there are no other reasonable means of funding to complete these projects. The blighting conditions described above cause and will continue to cause a reduction and lack of proper utilization of the Project Area to such an extent that these conditions cannot be alleviated either by private enterprise or the City acting alone, requiring redevelopment financing to be used in the interest of the community.

Recommendation:

Adopt Resolution finding that the financing proposed is consistent with the purpose of redevelopment and the Agency's Implementation Plan, benefiting the Project Area and assisting in the elimination of blight in the Project Area and that no other reasonable means of financing the projects are available to the community.